

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 — 4 — — —

2. STATE:

Maryland

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID) MedicaidTO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

See Attached

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ 2,500,000b. FFY 2002 \$ 7,500,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D
pages 6, 7B, 8, & 99. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19D
pages 6, 7B, 8, & 9

10. SUBJECT OF AMENDMENT:

This amendment is necessary to reflect changes in the regulations
related to reimbursement for nursing facility services.

11. GOVERNOR'S REVIEW (Check One):

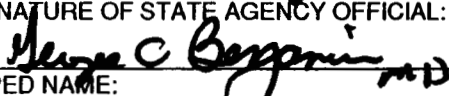
- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒

OTHER, AS SPECIFIED:

Susan J. Tucker, Executive Director
Office of Health Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Georges C. Benjamin, M.D.

14. TITLE:

Secretary

15. DATE SUBMITTED:

September 28, 2001

16. RETURN TO:

Susan J. Tucker, Executive Director
Office of Health Services
201 West Preston Street, Suite 127
Baltimore, Maryland 21201**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

September 28, 2001

18. DATE APPROVED:

MAR 19 2002

PLAN APPROVED - ONE COPY ATTACHED

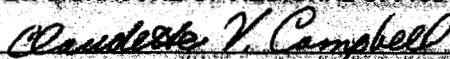
19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2001

21. TYPED NAME:

Claudette V. Campbell

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE: Associate Regional Administrator, DMSO
CMMS Philadelphia Regional Office Region III

23. REMARKS:

FEDERAL REGULATION CITATIONS:

Attachment 2.2 A	42 CFR 435.10
Attachment 2.6 A	42 CFR Part 435, Section 435.10 and Subparts G & H AT-78-90, AT-80-6, AT-80-34 1902(l) and (m) of the Act, P.L. 99-509 (Secs. 9401 and 9402), 1902(l) and (m) and 1920 of the Act, P.L. 99-509 (Secs. 9401, 9402, and 9407)
Attachment 3.1 A	Part 400, Subpart B and 1902(e)(5), 1905(a)(18) through (20), and 1920 of the Act, P.L. 99-272 (sections 9501, 9505 and 9526) and 1902(a), 1902(a)(47), 1902(e)(7) through (9), and 1920 of the Act, P.L. 99-509 (sections 9401(d), 9403, 9406 through 9408) and P.L. 99-514 (section 1895(c)(3))
Attachment 3.1 B	42 CFR Part 440, Subpart B, 42 CFR 441.15, AT-75-90, AT-80-34
Attachment 3.1 C	42 CFR 431.53, AT-78-90
Attachment 3.1 F	1905(a)(24) and 1930 of the Act, P.L. 101-508 (Section 4712 OBRA 90)
Attachment 4.18 A	447.51 through 447.58
Attachment 4.18 C	447.51 through 447.58
Attachment 4.19 A & B	(a) 42 CFR 447.252, 46 FR 44964, 48 FR 56046, 50 FR 23009, 1902(e)(7) of the Act, P.L. 99-509 (section 9401(d)) (b) 42 CFR 447.201, 42 CFR 447.302, AT-78-90, AT-80-34, 1903(a)(1) and (n) and 1920 of the Act, P.L. 99-509 (Section 9403, 9406 and 9407), 52 FR 28648
Attachment 4.16	42 CFR 431.615(c) AT-78-90
Attachment 4.19 D	(d) 42 CFR 447.252, 47 FR 47964, 48 FR 56046, 42 CFR 447.280, 47 FR 31513, 52 FR 28141
Attachment 4.22 A	(a) 433.137(a), 50 FR 46652, 55 FR 1423
Attachment 4.22 B	(b) 433.138(f), 52 FR 5967, 433.138(g)(1)(ii) and (2)(ii), 52 FR 5967, 433.138(g)(3)(i) and (iii), 52 FR 5967, 433.138(h)(4)(i) through (iii), 52 FR 5967
Attachment 4.22 C	Section 1906 of the Act
Attachment 4.26	1927(g) 42 CFR 456.700, 1927(g)(1)(A), 1927(g)(1)(a) 42 CFR 456.705(b) and 456.709(b), 1927(g)(1)(B) 42 CFR 456.703(d) and (f), 1927(g)(1)(D) 42 CFR 456.703(b), 1927(g)(2)(A) 42 CFR 456.705(b), 1927(g)(2)(A)(i) 42 CFR 456.705(b), 1927(g)(2)(A)(i) 42 CFR 456.705(b), (1)-(7), 1927(g)(2)(A)(ii) 42 CFR 456.705(c) and (d), 1927(g)(2)(B) 42 CFR 456.709(a), 1927(g)(2)(C) 42 CFR 456.709(b), 1927(g)(2)(D) 42 CFR 456.711, 1927(g)(3)(A) 42 CFR 456.716(a), 1927(g)(3)(B) 42 CFR 456.716 (A) and (B), 1927(g)(3)(C) 42 CFR 456.716(d) 1927(g)(3)(C) 42 CFR 456.711 (a)-(d), 1927(g)(3)(D) 42 CFR 456.712 (A) and (B), 1927(h)(1) 42 CFR 456.722, 1927(g)(2)(A)(i) 42 CFR 456.705(b), 1927(j)(2) 42 CFR 456.703(c)
Attachment 4.32 A	(a) 435.940 through 435.960, 52 FR 5967
Attachment 4.33 A	(a) 1902(a)(48) of the Act, P.L. 99-570 (Section 11005), P.L. 100-93 (Section 5(a)(3))
Attachment 4.35 A	(a) 1919(h)(1) and (2) of the Act, P.L. 100-263 (Section 4212(a))
Attachment 4.35 B	(b) Same as above

Each year every Maryland nursing home enrolled in the Program, unless specifically exempted due to low Medicaid occupancy, submits a wage survey which reports the wage rate(s) and associated hours for each nursing staff performing nursing services during a designated pay period. These staff are identified in 5 nursing staff occupation groups: Directors of Nursing, Registered Nurses, Licensed Practical Nurses, Nurse Aides and Certified Medication Aides. For each nursing region and occupation group, the wage rate at the 75th percentile of hours worked is selected.

These selected wages are indexed to the midpoint of the rate year, using salary and wage indices specified under COMAR 10.09.10.23 (which is appended to this attachment). Regional fringe benefit factors are then applied to the indexed wages to compute an hourly rate that includes wages plus benefits. These adjusted wages are used as the foundation for calculating nursing rates for the ADL classifications and ancillary procedures.

Each ADL classification and ancillary procedure requires a specific amount of nursing staff time per day, based upon a work measurement study and staffing information from the wage survey. These data also determine the percentage of time each occupation group is involved in each ADL classification and procedure.

Reimbursement for the nursing time required for the ADL classifications and ancillary procedures is calculated by multiplying the daily hours required by the personnel category weight, multiplying the product by that personnel category's adjusted wage, and summing the results for each level of care and procedure in each nursing region.

For the period July 1, 2001 through June 30, 2003, factor additional funds, as appropriated in accordance with provisions specified in 2000 MD Laws - Chapter 212, into each day of care to enable providers to pay for an increased amount of direct patient care rendered by nursing staff and allow higher compensation to nursing staff. The additional funds are added to each day of care in a manner that reflects the amount of nursing time provided for the level of care, e.g. more funds are added to a Heavy Care day than a Light Care day. In order to accomplish this goal, the funds are added in proportion to the number of Nurse Aide hours provided to each level of care because nurse aide hours increase overall and as a percent of total time with each progressively higher level of care. As a result, reimbursement for an additional .104 hours of nurse aide time are added to a Light Care day, .142 hours to a Light Care - Behavior Management day, .221 hours to a Moderate Care day, .239 hours to a Moderate Care - Behavior Management day and .277 hours to a Heavy Care and Heavy Special Care day.

TN 02-4

Approval Date: **MAR 19 2002**

Effective Date 7/1/01

Supersedes

TN No. 00-4

As an incentive for providers to serve heavier care patients, this nursing time rate for specified ADL classifications and procedures is modified by multiplying the rate by an incentive factor as listed below.

<u>Level of Care/Procedure</u>	<u>Incentive Factor</u>
Moderate Care	1.02
Moderate Care – Behavior Management	1.02
Heavy Care	1.03
Heavy Special Care	1.04
Decubitus Ulcer Care	1.04
Tube Feeding	1.04
Communicable Disease Care	1.04
Central Intravenous Line	1.04
Peripheral Intravenous Care	1.04
Ventilator Care	1.04

The above described "nursing time rates" (not including the amount of the incentive factors) are also subjected to the following adjustments:

TN 02-4

Approval Date MAR 19 2002

Effective Date 7/1/01

Supersedes

TN No. 00-4

Payment for nursing service is made at standard rates as determined above and are based on patient assessments undertaken in each facility by the Utilization Control Agent in order to ascertain the days of each type of procedure received by, and the ADL classification of, each Medical Assistance resident.

When an improvement in ADL classification is achieved by a facility for a resident who has been at the prior (higher) ADL classification for a minimum of 2 consecutive months, reimbursement for that resident will continue at the prior (higher) ADL classification until discharge, transfer, a return to the prior (higher) ADL classification, or for 2 subsequent months, whichever is less, in order to provide a transitional staffing adjustment to the facility in the amount of the difference between the reimbursement associated with the prior (higher) and the current (lower) ADL classifications.

The interim nursing service payment is subject to cost settlement. Providers will be allowed their costs, plus 5 percent of the standard rate, up to the maximum (standard) payment amount. For the period July 1, 2001 through June 30, 2003, the amount allowed above costs may not be more than the amount allowed above costs during the period July 1, 2000 through December 31, 2000 or the period July 1, 2000 through June 30, 2001. The provider shall select the period and the amount shall be indexed for inflation. For the period July 1, 2001 through June 30, 2003, providers with nursing costs less than the rate, exclusive of the additional funds appropriated in accordance with provisions specified in 2000 MD Laws - Chapter 212, will be allowed their costs, plus 5 percent of their reimbursement up to the amount of their reimbursement. The above-mentioned percentage adjustments for communicable disease care and central intravenous line are not subject to cost settlement.

A provider that renders care to Maryland Medicaid recipients on 1,000 or less days of care during the provider's fiscal year may choose to not be subject to cost reporting or field verification requirements and choose to accept as payment the projected Medicaid statewide average payment for each day of care. Any provider choosing this option is exempt from the subsequent nursing cost center wage survey.

Intermediate Care Facilities for the Mentally Retarded are a separate class and such facilities are reimbursed reasonable costs. The determination of reasonable costs is based on Medicare principles of reasonable cost as described at 42 CFR 413. An average cost per day for provider-based physician services is developed and paid in accordance with retrospective cost reimbursement principles. Payments in the aggregate may not exceed Medicare upper limits as specified at 42 CFR 447.272.

TN 02-4Approval Date **MAR 19 2002**Effective Date 7/1/01

Supersedes

TN No. 00-4

APPENDIX ACOMAR 10.09.10.10I

I. When applying the provisions of §§G and H of this regulation, the noninvestor-operated facility shall be assumed to have the following for the calculation of §C of this regulation:

(1) Debt equal to the amount which would remain outstanding at the midpoint of the rate year if the:

(a) Original amount mortgaged was equal to 85 percent of the appraised value of the facility at the time the provider's original lease for the facility was executed;

(b) Appraised value determined pursuant to §L of this regulation for any noninvestor-operated facility with an initial lease executed before March 31, 1983 will be deflated by 5 percent per year for the purpose of determining the appraised value in §I(1)(a) of this regulation; and

(c) Original mortgage was taken for a 20-year period with amortization calculated with constant payments and the interest rate as defined in §I(2) or (3) of this regulation.

(2) A mortgage interest rate for the year equal to the lesser of:

(a) The moving average of the previous 6 months for the Treasury Constant Maturities – 20 year rate on the provider's original lease date plus 2 percentage points, unless the original financing by the owner of the facility was tax exempt in which case 70 percent of the average of the previous 6 months for the Treasury Constant Maturities – 20 year rate plus 2 percentage points; or

(b) The moving average of the previous 24 months for the Treasury Constant Maturities – 20 year rate on the provider's original lease date plus 2 percentage points, unless the original financing by the owner of the facility was tax exempt in which case 70 percent of the average of the previous 24 months for the Treasury Constant Maturities – 20 year rate plus 2 percentage points.

(3) A mortgage interest rate, for the first 5-year period under the first lease of a newly constructed facility, equal to the lesser of:

TN 02-4

Approval Date **MAR 19 2002**

Effective Date 7/1/2001

Supersedes

TN 96-1

(a) The moving average of the previous 6 months for the Treasury Constant Maturities – 20 year rate on the provider's original lease date plus 3.5 percentage points, unless the original financing by the owner of the facility was tax exempt in which case 70 percent of the average of the previous 6 months for the Treasury Constant Maturities – 20 year rate plus 3.5 percentage points; or

(b) The moving average of the previous 24 months for the Treasury Constant Maturities – 20 year rate on the provider's original lease date plus 3.5 percentage points, unless the original financing by the owner of the facility was tax exempt in which case 70 percent of the average of the previous 24 months for the Treasury Constant Maturities – 20 year rate plus 3.5 percentage points.

(4) A lease with the owner of the facility. If the provider has a sublease with a previous provider, the original lease date of the previous provider with the owner of the facility shall apply to §I(1) - (3) of this regulation.

(5) Property insurance and property taxes which are applicable to the patient-related facility assets when properly documented, whether paid by the lessor or lessee.

(6) Interest expense and related debt on any leasehold improvements with an initial debt in excess of \$50,000 when properly documented.

TN 02-4

Approval Date **MAR 19 2002**

Effective Date 7/1/2001

Supersedes

TN 96-1



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Region III

MAR 19 2002

Suite 216, The Public Ledger Building
150 S. Independence Mall West
Philadelphia, PA 19106-3499

Ms. Susan Tucker
Executive Director
Office of Health Services
Department of Health and Mental Hygiene
201 West Preston Street
Baltimore, Maryland 21201

Dear Ms. Tucker:

Enclosed is a copy of the approved state plan material, Transmittal Number 02-04. This amendment proposes to change the Nursing Facility reimbursement to increase the amount of direct patient care by nursing staff and replace the index for the capital cost center.

If there are any questions about the above state plan amendment, please contact James Hake at (215) 861-4196.

Sincerely,

Claudette V. Campbell
Claudette V. Campbell
Associate Regional Administrator
Division of Medicaid and State Operations

Enclosure